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U.S. DEPARTMENT OF
FEDERAL MARITIME COMMISSION

U.S. PACIFIC COAST-OCEANIA AGREEMENT

| FMC AGREEMENT NO. 011741-004008
(2nd Edition)

A Space Charter and Sailing Agreement

Expiration Date: None

| ~~This Agreement has not been published previously.~~

ARTICLE 1: Full Name of the Agreement.

The full name of this Agreement is the U.S. Pacific Coast-Oceania Agreement (the "Agreement").

ARTICLE 2: Purpose of the Agreement.

The purpose of this Agreement is to promote efficient utilization of vessels and equipment and provide efficient, reliable and stable liner shipping services in the Trade (as defined in Article 4) through the activities authorized hereunder.

ARTICLE 3: Parties to the Agreement.

The following are the respective names and addresses of the principal offices of the parties to this Agreement:

(a) Hamburg-Sudamerikanische Dampfschiffahrtsgesellschaft KG, whose address is Ost-West-Str. 59, 20457 Hamburg, Germany ("Hamburg Süd");

(b) ~~P&O Nedlloyd Limited and P&O Nedlloyd B.V. (as a single party), whose address is One Meadowlands Plaza, East Rutherford, New Jersey 07073 ("P&O Nedlloyd");~~ Intentionally Left Blank¹

(c) Australia-New Zealand Direct Line, a division of CP Ships (UK) Limited and ~~Lykes Lines Limited LLC~~ CP Ships USA LLC (as a single party),

whose address is 401 E. Jackson Street, Suite 330, Tampa, FL 33602

("ANZDL/LykesCP Ships");

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(d) FESCO Ocean Management Limited, whose address is 1 Costakis Pantelides Avenue, Kolokasides Building, 3rd Floor, 1010 Nicosia, Cyprus and whose mailing address is 821 Second Avenue, Suite 1100, Seattle, WA 98104 ("FOML"); and

(e) A.P. Moller-Maersk A/S trading under the name Maersk SealandLine, whose address is Esplanaden 50, DK-1098, Copenhagen, Denmark ("Maersk SealandLine").

The foregoing are hereinafter referred to collectively as the "Parties" and singly as a "Party."

ARTICLE 4: Geographic Scope of the Agreement.

The geographic scope of this Agreement is the trade between:

(a) (i) ports on the Pacific Coasts of the United States (including Hawaii), Canada and Mexico and inland points served via these ports and (ii) ports and points in Australia, New Zealand and the Pacific Islands; and

(b) (i) ports on the Pacific Coast of the United States and inland points served via such ports and (ii) ports on the Pacific Coasts of Canada and Mexico and inland points in Canada and Mexico served via such ports.

¹ P&O Nedlloyd was acquired by Maersk Line and its interest in this Agreement was transferred to Maersk Line by a Novation Agreement in accordance with English law.

The entirety of this Article is hereinafter referred to as the "Trade."²

² The trade between Canada and Mexico, on the one hand, and Australia, New Zealand and the Pacific Islands, on the other hand, is not within the scope of the U.S. Shipping Act or the jurisdiction of the FMC and it is understood the Parties receive no immunity from U.S. antitrust laws with respect to the aforementioned trade. It is identified in this Agreement solely for purposes of disclosing the full scope of the cooperation of the Parties.

ARTICLE 5: Agreement Authority.

5.1 Vessels and Strings.

(a) Initially, the Parties shall operate two strings under this Agreement, as follows:

(i) Pacific South West ("PSW") string, calling at ports in California and ports in New Zealand, Australia, Fiji and Mexico. The PSW string initially shall utilize seven (7) vessels of approximately 1,100 to 1,500 TEU capacity (based on 14 tonnes per TEU), two of which will be provided by ~~PONL~~ Maersk Line and five of which will be provided by ~~ANZDL/Lykes~~ CP Ships.³ Without further amendment hereto, the Parties are authorized to operate between six (6) and nine (9) vessels in the PSW string, such vessels to have a capacity of not less than 1,000 TEUs and not more than 2,000 TEUs. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

(ii) Pacific North West ("PNW") string, calling at ports in California, the Pacific North West, Hawaii, New Zealand, Australia, Fiji and Tahiti. The PNW string initially shall utilize eight (8) vessels of approximately 1,100 to 1,500 TEU capacity (based on 14 tonnes per TEU), three of which will be provided by Hamburg Süd, three of which will

³ Initially, calls by the PSW service in Fiji will alternate fortnightly with calls by that service in Mexico. Initially, calls by the PNW service in Fiji will alternate fortnightly with calls by that service in Tahiti and the PNW service will call Hawaii on a monthly basis only.

be provided by FOML, one of which will be provided by ANZDL/LykesCP Ships, and one of

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which will be provided by Maersk Line. Without further amendment hereto, the Parties are authorized y Maersk Sealand. Without further amendment hereto, the ~~Parties are authorized to operate between seven (7) and ten (10) vessels in the PNW~~

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string, such vessels to have a capacity of not less than 1,000 TEUs and not more than 2,000 TEUs. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

(iii) ~~In addition to the vessel it contributes, Maersk Sealand shall also have the right, at its cost and expense, to have one of the other vessels named and painted to the Maersk Sealand livery and returned to the providing Party's name and livery at the termination of this Agreement.~~Intentionally Left Blank

(iv) Unless the Parties otherwise agree unanimously, not later than three (3) months after the Hamburg Shipbrokers Association Container Ship Matrix for a vessel of the size operated under this Agreement reaches a daily operating slot rate of equal to or lower than a daily operating slot rate agreed among the Parties, the PSW string will be operated with seven (7) ships as described in

Article 5(a)(i) and the PNW string will operate with eight (8) ships as described in Article 5.1(a)(ii).

with a service operated hereunder, ~~and Maersk Sealand's present Oceania service shall cease calling on the U.S. West Coast for the duration hereof.~~

Each Party agrees to provide the other Parties with advance notice of any potentially competitive service in the Pacific Islands or trans-Tasman trades which may be entered into by that Party or any of its parents, subsidiaries or affiliated companies, and to notify the other Parties in advance of any public announcements of any changes in its U.S. East Coast-Oceania related service(s).

(d) Each Party will be responsible for the costs of its vessel(s), including, but not limited to, vessel charter hire, fuel, port charges and port agency vessel husbanding expenses. The Parties shall be responsible for their own initial phase in and phase out costs and shall discuss and agree on the treatment of any subsequent phase in and phase out costs associated with any restructuring of the service. Each Party also will be responsible for any fees, taxes, penalties, charges, or liabilities, assessed against the vessel, by virtue of its flag or otherwise, by any governmental authority.

(e) The Parties shall agree on a long-term pro-forma schedule for the service. Such schedule may be changed from time to time as the Parties mutually agree and shall incorporate periods required for programmed maintenance and repair including periodic dry docking which shall be advised at least three (3) months in advance. The Parties will agree on string coordinators who shall maintain the long term sailing schedule and shall use

maximum efforts to remedy any failure to comply. The Parties are authorized to discuss and agree upon rules for remedial actions and financial consequences in cases of non-performance.

(f) The Parties are authorized to charter vessels to/from one another or jointly from third parties.

5.2 Slot Allocations and Use of Slots.

(a) The initial weekly allocation of slots on vessels operated under this Agreement as revised by Amendment No. 48, which are based on an agreed standard slot capacity for each such vessel, shall be as follows:

<u>Effective Date of Amendment- Through March 31, 2003</u>	<u>April 1, 2003 through Termination of Agreement</u>
ANZDL/Lykes — 764 TEUs	ANZDL/Lykes <u>CP Ships</u> — 740 TEUs
Hamburg Süd — 467 TEUs	Hamburg Süd — 453 TEUs
FOML — 464 TEUs	FOML — 450 TEUs
PONL — 359 TEUs	PONL — 348 TEUs
Maersk Sealand — 225 TEUs	Maersk Sealand <u>Line</u> — 288 <u>636</u> TEUs

The Parties will agree on the division of the foregoing allocations between the strings. The standard slot capacity of the vessels operated hereunder shall be determined based on an average deadweight of 14 tonnes per TEU southbound, 14 tonnes per dry TEU northbound, 18 tonnes per 20 ft. reefer northbound and 32 tonnes per 40 ft. reefer northbound. Each Party shall be entitled to use its slot allocation without any geographical restrictions regarding the origin or destination of the cargo and, except as otherwise provided herein,

remaining in the service is renewed, the chartering Party shall provide the ITP with the relevant charter hire so that the ITP may recalculate the slot charter hire based on the updated information. In addition, the Parties shall review the fuel reference price and port charge components of the slot charter hire every three (3) months and, if they deem necessary, provide the ITP with revised data

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for purposes of recalculating the slot charter hire. It is understood that nothing herein shall authorize the Parties to exchange vessel-operating cost data.

(k) Each Party shall be responsible for the non-fixed component costs of handling cargo moving under its bill of lading (e.g., stevedoring and other cargo handling costs).

5.3 Review and Revision of Vessels and Slot Allocations.

(a) It is understood that the provision of vessels set forth in Article 5.1 above and the allocation of space set forth in Article 5.2 are those that will initially apply under this Agreement. After this Agreement has become operational, it is understood that the Parties may review and revise the foregoing provisions as they may agree from time to time. Should any such revisions to the vessels and/or slot allocations require any amendments to this Agreement, such amendments will be filed with the Federal Maritime Commission and otherwise as required by applicable law.

(b) In the event that at any time during the period of the Agreement there is a change in the standard slot capacity of vessel(s) operating in a string as a result of upgrading or downgrading the size of the fleet, the slot allocations will be adjusted as follows: (i) demand for slots will be reassessed in light of the changes in the capacity available; and (ii) new string slot allocations will

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be determined in accordance with the principles set out in Article 5.3(c) hereof. For the avoidance of doubt, a substitution of one or more individual vessels,

Appendix B

Competing Services Between the U.S. and Australia and/or New Zealand

1. ~~Maersk Sealand's~~ Line's U.S. West Coast-Fremantle service via transshipment in Asia

Appendix C

Vessel Sharing Arrangements Authorized to
Utilize Space on Vessels Operated Hereunder

1. ANZDL arrangements with:
 - a. Pacific Direct Line between Australia/New Zealand and Tahiti
 - b. Neptune Shipping Services between Australia/New Zealand and Fiji
 - c. Mediterranean Shipping Company between Australia/New Zealand
2. ~~P&O Nedlloyd~~ Maersk Line arrangements with:
 - a. Mediterranean Shipping Company in the trans-Tasman trade
 - b. Contship in the trans-Tasman trade
 - c. ~~Swire in the trans-Tasman trade~~
3. FESCO Ocean Management arrangements with:
 - a. Hamburg-Sud between USWC and Papeete
 - b. Fesco Australia Line between Asia and Australia
 - c. Fesco New Zealand Line between Asia and New Zealand and New Zealand and Brisbane
4. Hamburg-Sud arrangements with:
 - a. Polynesia Line between USWC and Papeete, Samoa, America Samoa, Tonga, Fiji and Cook Islands
 - b. Fesco Australia Line between Asia and Australia
 - c. Fesco New Zealand Line between Asia and New Zealand and New Zealand and Brisbane